
ACP CAPITAL LIMITED

(a public company incorporated with limited liability under the laws of Jersey under registration number 91066)

Report & Financial Statements for the year ended
31 December 2009

ACP CAPITAL LIMITED

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ACP CAPITAL LIMITED

DIRECTORS AND ADVISORS

Directors	John Chapman Stephen Coe Antony Gardner-Hillman James Lowenstein Patrick McCann	
Registered Office	22-24 Seale Street St Helier, Jersey JE2 3QG Channel Islands	
Company Number	91066	
Secretary	SJ Secretaries Limited 22-24 Seale Street St Helier, Jersey JE2 3QG Channel Islands	
Auditors	BDO LLP 55 Baker Street London W1U 7EU United Kingdom	
Registrars	Computershare Investor Services (Channel Islands) Limited Ordnance House 31 Pier Road St Helier, Jersey JE4 8PW Channel Islands	
Nominated Adviser and Broker	Collins Stewart Europe Limited 9th Floor 88 Wood Street London EC2V 7QR United Kingdom	
Legal Advisers	Travers Smith LLP 10 Snow Hill London EC1A 2AL United Kingdom	Ozannes PO Box 733, 29 Esplanade St Helier, Jersey JE4 OZS Channel Islands
Bankers	Royal Bank of Scotland International Royal Bank House 71 Bath Street St Helier, Jersey JE4 8PJ Channel Islands	Deutsche Bank International Limited PO Box 727 St Paul's Gate New Street St Helier, Jersey JE4 8ZB Channel Islands
Advisor	ACP Capital UK LLP Suite 205 73 Watling Street London EC4M 9BJ United Kingdom	

ACP CAPITAL LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholders

At year end, the Group's net asset value was 28.7 pence as compared with 58.7 pence a year earlier. During the year the Group sold its interests in IFR preferred equity, IFR ordinary shares, and D tranche position in IFR debt, structured product investments and GCI Automotive debt and equity. In addition, the Leasecom ABS loan was repaid in full and cancelled. In total £92.2 million was received from asset realisations and £79.4 million was distributed to shareholders. As compared with last year, the portfolio now comprises the following (based on year end book value):

	ACP Capital Limited	ACP Mezzanine Limited **
IFR Capital plc		
Tranche A	£13,408,634	€7,070,217
Tranche B	£8,252,614	€4,351,507
Tranche C	£8,096,888	€4,269,395
Currency hedge impact	(£6,707,239)	-
Leasecom Group SAS	£17,738,433	-
GCI Management AG	£3,387,140	-
Davenham Group plc	£455,566	-
ACP Mezzanine Limited *	£7,389,523	-

* Based on the mid market price of the shares held by ACP Capital Limited in ACP Mezzanine Limited on 31 December 2009

** 100% of investments held by ACP Mezzanine Limited on 31 December 2009, including minority interest

The remaining assets primarily comprise three tranches of IFR debt, an equity investment in Leasecom, and equity investments in Davenham Group plc and GCI Management AG, two public companies, quoted, on AIM in London and on the Frankfurt stock-exchange in Germany, respectively.

The most significant event during the year was the sale in November of the Group's interests in IFR preferred shares, equity and D tranche debt for proceeds totalling €80 million. All outstanding litigation with IFR was also settled with no admission of liability and each party bearing its own costs. Our remaining investment in IFR comprises mainly three tranches of debt. The "A" tranche bears interest at 225 bps over 3 month Euribor and is amortising with the final payment due in December 2014. The "B" and the "C" tranches are interest only, respectively, at 275 and 325 bps over 3 month Euribor and repayment of principal due in December 2015 and December 2016 respectively. Following the sale of our interests in the IFR preferred shares and equity, two shareholders control nearly all of IFR's ordinary equity, and the company has now been delisted from AIM. IFR is up to date with its interest payments under these tranches of debt.

Leasecom is a French equipment leasing company functioning as a financial intermediary, providing financing to lessors of computer and IT equipment and then selling these leases to French financial institutions. Leasecom is well managed, well financed with very little debt, and profitable. On shareholders' equity of €35.0 million the company made a dividend payment for 2009 of €7.0 million on 7 January 2010. Our share of that dividend is €3.14 million, which has already been received and will soon be distributed. At the ACP Mezzanine level, the €15 million loan facility to Leasecom was cancelled and repaid in full, and has since been returned to ACP Mezzanine's shareholders.

Our remaining investments are relatively small. We own approximately 22% of the equity in GCI, a Munich based merchant bank and approximately 29% of the equity in Davenham, a Manchester based finance company. Neither of these investments has performed well with GCI valued at the year end at €3.8 million (£3.4 million) compared with an original investment of approximately €27.0 million in 2007. Davenham is valued at the year end at £0.5 million compared with an original investment of approximately £25.0 million during the course of 2006 and 2007. Both companies have had poor trading results, financial difficulties and operate in difficult markets. Davenham has considerable exposure to residential property in northern and central England while GCI has been heavily invested in small, often family owned, German companies.

We are continuing to reduce costs through staff and overhead reductions. Our objective remains to sell assets at appropriate prices and return the proceeds less expenses to our shareholders. I am hopeful that there will be progress to report when we release our interim results in six months.

Respectfully yours,

John D. Chapman

Chairman

ACP CAPITAL LIMITED

DIRECTORS' REPORT

The Directors present their report with the financial statements of ACP Capital Limited ("**ACP**" or the "**Company**") and its subsidiaries (together, the "**Group**") for the year ended 31 December 2009. The Company was incorporated on 30 August 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is incorporated in Jersey and, while it was in investment mode, provided specialist integrated finance and asset management solutions focused on European small and mid-sized enterprises. The Group provided equity, mezzanine and senior debt to companies targeting an integrated finance solution across their capital structure.

At an EGM held on 17 July 2008, the Company announced that it would seek to dispose of assets on an orderly basis and return the proceeds to shareholders by way of distributions.

A review of the business during the year is contained in the Chairman's statement.

ACP Mezzanine Limited ("**ACPM**")

The Company owns 54.37% of ACPM. As a result, ACPM is a subsidiary of the Company and these financial statements are prepared on a consolidated basis including the balances of ACPM at 31 December 2009.

At an EGM held on 9 December 2008, shareholders approved a change in investment policy to enable ACPM to seek to dispose of its assets on an orderly basis and return the proceeds to shareholders by way of capital distributions.

Accordingly, during the year, ACPM sold all of its collateralised loan obligations and collateralised debt obligations, and part of its debt facilities.

RESULTS AND DIVIDENDS

The results for the year are set out in the financial statements.

For the 2009 calendar year the Company has distributed to shareholders a total of 38.1 pence per share.

The Directors do not recommend payment of a final dividend.

The Group's net asset value per share at the year end was 28.7 pence per share (2008 - as restated: 58.7 pence per share).

DIRECTORS AND THEIR INTERESTS

The Directors during the year and at the date of this report were:

John Chapman
Stephen Coe
Antony Gardner-Hillman
James Lowenstein
Patrick McCann

All of the current Directors hold non-executive positions on the Board. There are currently no executive Directors on the Board. John Chapman and Stephen Coe are also non-executive Directors of ACPM and other Group companies.

The Directors have no interest in the Company's shares or any options to acquire ordinary shares in the Company as at 31 December 2009.

DIRECTORS' TERMS OF SERVICE

None of the Directors have service contracts with the Group with the exception of John Chapman and Stephen Coe who have contracts with a subsidiary undertaking, ACP Capital UK LLP (the "**LLP**"). The terms of appointment of the other directors are governed by letters of appointment. The majority of Directors are appointed for an initial period of three years and this may be terminated by either the Company or the Director serving three months' written notice on the other at any time and is further subject to rotational retirement rules.

ACP CAPITAL LIMITED

DIRECTORS' REPORT - continued

DIRECTORS FEES

Directors' remuneration for the year was as follows:

	2009 £	2008 £
Directors' fees		
Derek Vago (1)	-	126,067
Nikolaj Larsen (1)	-	108,592
Eric Youngblood (1)	-	108,546
John Chapman (2)	107,980	53,760
Patrick McCann	25,000	12,500
James Lowenstein	25,000	12,500
Stephen Coe (3)	70,000	25,675
Antony Gardner-Hillman	25,000	15,000
	<hr/> 252,980	<hr/> 462,640
Performance fees		
John Chapman (2)	229,648	-
	<hr/> 482,628	<hr/> 462,640

(1) The 2008 fees of the former directors are for 6.5 months.

(2) John Chapman is also entitled to an additional fee equivalent to 0.3 percent of any amounts distributed by the Company to its shareholders after the date of his appointment. His contract is subject to a 6 month notice period.

(3) Stephen Coe has an entitlement to a discretionary bonus to be determined on or around 1 September 2010.

Stephen Coe and John Chapman's service agreements with the LLP contain provisions providing for certain payments on termination or upon certain change of control events (in respect of the Company) occurring. ACP has guaranteed the LLP obligations pursuant to these agreements as follows:

Stephen Coe

Should certain events occur that constitute a change of control of the company or should Mr Coe's engagement by the LLP be terminated (except for cause) prior to 14 May 2010, the LLP has committed to pay Mr Coe an amount equal to 75 percent of the payments he would receive from the Group until 14 November 2010.

John Chapman

Should Mr Chapman's engagement with the LLP be terminated, the LLP has committed to continue to pay him 0.3 percent of any amounts distributed by ACP to its shareholders during the following two years. Should certain events occur that constitute a change of control of the company, the LLP has committed to pay Mr Chapman up front a reasonable estimate of the payments he is expected to receive from the Group for the following two years (subject to adjustment based on distributions paid by ACP in the following two years).

ACP CAPITAL LIMITED

DIRECTORS' REPORT – continued

SUBSTANTIAL SHAREHOLDINGS

At 31 December 2009, the Company had been notified of the following interests in its issued share capital:

QVT Financial LP	28.15%
Aviva Investors Global Services Limited	12.47%
Rakison Services Limited	11.61%
The Baupost Group LLC	6.60%
Artemis Investment Management Ltd	5.83%
Société Générale Asset Management UK Ltd	4.70%
Millennium Capital Partners Ltd	3.70%
Midas Capital Partners Ltd	3.14%
Weiss Capital Management, Inc	3.04%

THE ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting of the Company and a circular dealing with any special business to be considered at the Annual General Meeting will be dispatched to shareholders separately.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

BDO LLP have expressed their willingness to continue in office as auditors. A resolution to reappoint BDO LLP will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Director
15 March 2010

ACP CAPITAL LIMITED

CORPORATE GOVERNANCE

The Directors are committed to maintaining high standards of corporate governance. The Company is incorporated in Jersey. The Companies (Jersey) Law 1991 does not contain a mandatory code of corporate governance, although it does impose statutory obligations on directors to act in good faith and with a view to the best interests of the Company. The Company currently complies with applicable corporate governance requirements in Jersey.

The Directors acknowledge the importance of the principles of corporate governance set out in The Combined Code issued by the Financial Reporting Council in June 2008. Although the Combined Code is not compulsory for AIM traded companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

BOARD OPERATION

The Board is currently comprised of a non-executive Chairman (John Chapman) and four non-executive Directors. The Board considers that all non-executive Directors are capable of exercising independent judgement.

The non-executive Chairman and other Directors are engaged on terms whereby their appointment can be terminated on three months' notice, save as noted in the Directors' Report above.

Directors are subject to re-election by the shareholders at Annual General Meetings. The Articles of Association of the Company provide that a certain proportion of the Directors will be subject to re-election at each Annual General Meeting.

The Board meets regularly and is responsible for commercial strategy, performance, approval of investments, monitoring and approval of major business.

The Board has a formal schedule of matters specifically reserved to it for decision. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Administrator is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Board met 18 times during the year, including the Annual and Extraordinary General Meetings.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises Stephen Coe (Chairman), Patrick McCann, and James Lowenstein. Stephen Coe is a Chartered Accountant who has financial experience of acting as a non-executive finance director.

The Audit Committee carries out a variety of functions, including reviewing annual and interim results, receiving reports from its auditors, agreeing the auditors' remuneration and assessing the effectiveness of the audit and internal control environment. The Audit Committee oversees the relations with the external auditors and where necessary, may obtain specialist external advice from either its auditors or other advisers.

Audit Committee meetings coincide with meetings of the Board and take place not less than twice a year. The Audit Committee has written terms of reference.

ACP CAPITAL LIMITED

CORPORATE GOVERNANCE - continued

Remuneration Committee

The Remuneration Committee comprises Stephen Coe, Antony Gardner-Hillman and James Lowenstein.

The Remuneration Committee is responsible for reviewing the scale and structure of the senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements.

Remuneration Committee meetings coincide with meetings of the Board and take place at least once a year.

The Remuneration Committee has written terms of reference.

A full summary of Directors' Remuneration is set out on page 4.

Nomination Committee and Litigation Committee

The Nomination Committee comprises John Chapman, Patrick McCann, and James Lowenstein whilst the Litigation Committee comprises John Chapman, Patrick McCann, and Antony Gardner-Hillman.

The Nomination Committee is responsible for reviewing the Board structure, size and composition and making recommendations to the board of any changes deemed necessary.

The Litigation Committee is responsible for reviewing litigation issues, and making recommendations to the Board in relation to what actions should be taken on these issues.

The Nomination Committee and Litigation Committee have written terms of reference.

The Nomination Committee and Litigation Committee meet as required.

REGULATORY COMPLIANCE

The Company will take all reasonable steps to ensure compliance by the Directors with the provisions of the AIM Rules for Companies as published by the LSE relating to dealings in securities of the Company and has adopted a share dealing code for this purpose. The Company is also aware of the Channel Islands Stock Exchange Model Code for Securities Transactions by Directors of Listed Companies and will take all reasonable steps to ensure compliance by the Directors and senior employees with the relevant provisions of this code.

INTERNAL FINANCIAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal financial control and places importance on maintaining a strong control environment.

Procedures which the Directors have established with a view to providing effective internal financial control include:

- the Group's organisational structure has clear lines of responsibility and delegation of authority;
- a budgeting system whereby actual performance is measured against budget on a regular basis;
- periodic results and activity reports are closely monitored by the Directors;
- the Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate courses of action to manage those risks; and
- the Audit Committee monitors the effectiveness of the Group's internal financial control system.

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss.

RELATIONS WITH SHAREHOLDERS

Communications with shareholders are given high priority. The Group makes regular announcements, including announcements of the half year interim results and the preliminary year end results. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Board aims to ensure that Directors are available at Annual General Meetings to answer questions.

ACP CAPITAL LIMITED

CORPORATE GOVERNANCE - continued

CREDITORS PAYMENT POLICY

Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted.

DIRECTORS LIABILITY INSURANCE

The Group maintains liability insurance to indemnify the Directors for losses that may arise from their duties as Directors of the Company or subsidiary companies.

DIRECTOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards.

Jersey company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board

Director
15 March 2010

ACP CAPITAL LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of ACP Capital Limited

We have audited the financial statements of ACP Capital Limited for the year ended 31 December 2009 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our Report if we become aware of any apparent misstatements within it. We read other information contained in the annual report and consider whether it is consistent with the annual financial statements. This other information comprises only the Chairman Statement and Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group's financial statements give a true and fair view of the state of the Group's affairs in accordance with International Financial Reporting Standards as at 31 December 2009 and of its profit for the year then ended; and
- the Group's financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

BDO LLP, Chartered Accountants
London
United Kingdom
15 March 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ACP CAPITAL LIMITED

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income For the year ended 31 December 2009

		2009	2008 (as restated - note 25)
	Notes	£	£
Investment income			
Gains/(losses) on investments at fair value through profit or loss	10	19,863,632	(88,481,490)
Dividend and interest income		16,922,768	19,444,903
Fees and other income		37,491	3,773,163
Total net investment income		<u>36,823,891</u>	<u>(65,263,424)</u>
Exchange movements		(2,143,188)	6,215,010
Impairment of loans and receivables		-	(9,412,455)
Impairment of available-for-sale investments	12	(3,166,941)	(32,567,588)
Negative goodwill		-	1,127,177
Equity-settled share-based payments	21	-	(6,043,952)
Other operating expenses	7	(4,602,558)	(11,544,344)
Operating profit/(loss)		<u>26,911,204</u>	<u>(117,489,576)</u>
Finance income	8	84,848	2,247,272
Finance expense	8	(3,733)	(6,903,054)
Profit/(loss) before tax		<u>26,992,319</u>	<u>(122,145,358)</u>
Income taxes	9	(100,157)	(109,659)
Profit/(loss) for the year		<u>26,892,162</u>	<u>(122,255,017)</u>
Other comprehensive income			
Exchange differences on translating foreign operations		(4,846,080)	23,868,679
Profit/(loss) after tax and total comprehensive income for the year		<u>22,046,082</u>	<u>(98,386,338)</u>
Profit attributable to:			
Owners of the Parent		19,643,227	(102,266,138)
Minority interest		7,248,935	(19,988,879)
		<u>26,892,162</u>	<u>(122,255,017)</u>
Total comprehensive income attributable to:			
Owners of the Parent		16,972,612	(89,309,978)
Minority interest		5,073,470	(9,076,360)
		<u>22,046,082</u>	<u>(98,386,338)</u>
Earnings/(loss) per share attributable to the owners of the parent			
Basic and diluted	20	9.43 p	(50.40) p

ACP CAPITAL LIMITED

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position As at 31 December 2009

		2009	2008 (as restated - note 25)
	Notes	£	£
Assets			
Non-current assets			
Investments measured at fair value through profit or loss	10	55,639,982	105,169,492
Investments classified as loans and receivables	11	-	-
Available-for-sale investments	12	-	24,585,894
Property, plant and equipment	13	-	-
		<u>55,639,982</u>	<u>129,755,386</u>
Current assets			
Investments measured at fair value through profit or loss	10	3,075,567	2,228,496
Trade and other receivables	15	870,852	5,105,434
Cash and cash equivalents		<u>9,764,635</u>	<u>20,621,092</u>
Total current assets		<u>13,711,054</u>	<u>27,955,022</u>
Total assets		<u>69,351,036</u>	<u>157,710,408</u>
Liabilities			
Current liabilities			
Trade and other payables	16	379,367	2,519,643
Current income tax payable		<u>90,411</u>	<u>185,345</u>
Total current liabilities		<u>469,778</u>	<u>2,704,988</u>
Total liabilities		<u>469,778</u>	<u>2,704,988</u>
Net assets		<u>68,881,258</u>	<u>155,005,420</u>
Equity and reserves			
Issued capital	17	208,341	208,341
Share premium	18	129,022,353	208,400,632
Capital redemption reserve		3,435	3,435
Translation reserve		10,285,545	12,956,160
Retained earnings		<u>(79,704,700)</u>	<u>(99,347,927)</u>
Total equity attributable to owners of the Company		<u>59,814,974</u>	<u>122,220,641</u>
Minority interest		<u>9,066,284</u>	<u>32,784,779</u>
Total equity		<u>68,881,258</u>	<u>155,005,420</u>
Net asset value per share (pence)		<u>28.7</u>	<u>58.7</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 March 2010.

Director

ACP CAPITAL LIMITED

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows For the year ended 31 December 2009

	2009	2008 (as restated - note 25)
Notes	£	£
Cash flow from operating activities:		
Profit/(loss) for the financial period	26,892,162	(122,255,017)
Income tax expense	100,157	109,659
	<u>26,992,319</u>	<u>(122,145,358)</u>
Movement in fair value of investments and loans	(19,863,632)	88,481,490
Negative goodwill	-	(1,127,177)
Finance expense	3,733	6,903,054
Finance income	(84,848)	(2,247,272)
Impairment of loans and receivables	-	9,412,455
Impairment of available-for-sale investments	3,166,941	32,567,588
Loss on disposal of property, plant and equipment	-	17,784
Exchange rate differences	2,143,188	(6,215,010)
Equity-Settled Share-Based Payments	-	6,043,952
Changes in working capital:		
Decrease / (increase) in trade and other receivables	4,234,582	(1,455,018)
Decrease in trade and other payables	(2,140,276)	(1,108,880)
Capitalised accrued interest	(12,625,196)	(8,698,191)
New lending / investments	(2,828,052)	(1,558,835)
Sale / repayment of investments	99,755,171	3,306,860
Cash flow from operations	<u>98,753,930</u>	<u>2,177,442</u>
Income taxes paid	(195,091)	-
Net cash flow from operating activities	<u>98,558,839</u>	<u>2,177,442</u>
Cash flow from investing activities		
Acquisition of subsidiary net of cash acquired	-	32,938,915
Net cash flow from investing activities	<u>-</u>	<u>32,938,915</u>
Cash flow from financing activities		
Options exercised	-	12,245
Buy back of own shares	-	(4,635,581)
Repayment of financing	-	(56,092,802)
Interest paid and other related financing costs	(3,733)	(7,904,639)
New bank loans raised	-	5,036,081
Bank interest received	84,848	2,268,559
Dividends and capital distributions paid to minority interests	(28,791,965)	(12,344,382)
Dividends and capital distributions paid to owners of the parent	(79,378,279)	(15,317,296)
Net cash flow from financing activities	<u>(108,089,129)</u>	<u>(88,977,815)</u>
Effects of exchange rate changes on cash and cash equivalents	(1,326,167)	14,626,591
Net decrease in cash and cash equivalents	<u>(10,856,457)</u>	<u>(39,234,867)</u>
Opening cash and cash equivalents	20,621,092	59,855,959
Closing cash and cash equivalents	<u>9,764,635</u>	<u>20,621,092</u>

ACP CAPITAL LIMITED

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity For the year ended 31 December 2009

	Issued capital £	Share premium £	Capital redemption reserve £	Translation of foreign operations £	Retained earnings £	Equity attributable to owners of the parent £	Minority interest £	Total £
At 31 December 2007, as published	199,531	216,734,311	-	-	16,216,521	233,150,363	-	233,150,363
Total comprehensive income for the period	-	-	-	12,956,160	(93,692,121)	(80,735,961)	(9,076,360)	(89,812,321)
Buyback and cancellation of shares	(3,435)	-	3,435	-	(2,881,330)	(2,881,330)	-	(2,881,330)
Minority interest on acquisition of subsidiary	-	-	-	-	-	-	54,205,520	54,205,520
Revaluation adjustment on gaining control of subsidiary	-	-	-	-	(7,729,012)	(7,729,012)	-	(7,729,012)
Dividends paid (note 23)	-	-	-	-	(6,983,617)	(6,983,617)	-	(6,983,617)
Equity share options exercised	12,245	-	-	-	-	12,245	-	12,245
Equity-settled share-based payments	-	-	-	-	6,043,952	6,043,952	-	6,043,952
Shares acquired for Employee Share Awards	-	-	-	-	(1,748,303)	(1,748,303)	-	(1,748,303)
Capital distributions (note 23)	-	(8,333,679)	-	-	-	(8,333,679)	-	(8,333,679)
Distributions to minority interest	-	-	-	-	-	-	(12,344,381)	(12,344,381)
At 31 December 2008, as published	208,341	208,400,632	3,435	12,956,160	(90,773,910)	130,794,658	32,784,779	163,579,437
Prior year adjustment (note 25)	-	-	-	-	(8,574,017)	(8,574,017)	-	(8,574,017)
At 31 December 2008, as restated (note 25)	208,341	208,400,632	3,435	12,956,160	(99,347,927)	122,220,641	32,784,779	155,005,420
Total comprehensive income for the period	-	-	-	(2,670,615)	19,643,227	16,972,612	5,073,470	22,046,082
Capital distributions (note 23)	-	(79,378,279)	-	-	-	(79,378,279)	-	(79,378,279)
Distributions to minority interest	-	-	-	-	-	-	(28,791,965)	(28,791,965)
At 31 December 2009	208,341	129,022,353	3,435	10,285,545	(79,704,700)	59,814,974	9,066,284	68,881,258

ACP CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 General information

ACP Capital Limited (“ACP” or the “Company”) and its subsidiaries (together the “Group”), while they were in investment mode, provided specialist integrated finance and asset management solutions focused on European small and medium-sized enterprises. The Company was incorporated on 30 August 2005 and registered in Jersey under registration number 91066. The Company's shares were admitted to trading on AIM on 6 January 2006. The consolidated financial statements for the year ended 31 December 2009 were authorised for issue by the Board of Directors on 15 March 2010.

At an EGM held on 17 July 2008, the Company announced that it would seek to dispose of assets on an orderly basis and return the proceeds to shareholders by way of distributions. Any new lending subsequent to the EGM has been due to previous commitments.

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively “IFRSs”) issued by the International Accounting Standards Board (“IASB”) as adopted by the European Union and with those parts of Companies (Jersey) Law 1991 applicable to companies preparing their financial statements under IFRSs.

The financial statements have been presented in Sterling, the functional currency of the Company. Some of the subsidiary entities of the Group use a different functional currency, being the currency in the primary economic environment in which the entity operates.

They are prepared under the historical cost convention modified to include available-for-sale investments and investments measured at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on the experience of the Directors and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant techniques for estimation are described in the accounting policies or notes to the financial statements.

Note 3 sets out a description of the significant accounting policies of the Group. The accounting policies are consistent with those applied in the year ended 31 December 2008, and amended to reflect the adoption of the new standards, amendments to standards or interpretations which are mandatory for the first time for the financial year ended 31 December 2009.

New and amended standards adopted by the group

The Group has adopted the following new and amended IFRSs as of January 2009:

IFRS 7 ‘Financial instruments – Disclosures’ (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IAS 1 (revised). ‘Presentation of financial statements’ – effective 1 January 2009. The revised standard amends the presentation of certain aspects of the financial statements.

None of the other new standards that are effective from 1 January 2009 have had a material effect on the financial statements.

Standards, amendments and interpretations to published standards not yet effective

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but the group has not yet adopted them:

IAS 27 - Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 July 2009).

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (effective for accounting periods beginning on or after 1 January 2010).

IAS 1 – Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2010).

IAS 7 – Statement of Cash Flows (effective for accounting periods beginning on or after 1 January 2010).

NOTES TO THE FINANCIAL STATEMENTS

IAS 36 – Impairment of assets (effective for accounting periods beginning on or after 1 January 2010).

IAS 39 – Financial Instruments: Recognition and Measurement (effective for accounting periods beginning on or after 1 January 2010).

IAS 24 (revised) – Related Party Disclosures (effective for accounting periods beginning on or after 1 January 2011).

IFRS 9 - Financial Instruments (effective for accounting periods beginning on or after 1 January 2013).

3 Significant accounting policies

The accounting policies have been consistently applied across the Group entities for the purpose of producing these consolidated financial statements. The significant accounting policies applied are as follows:

a) Basis of consolidation

The financial information in the Group's Financial Statements for the year ended 31 December 2009 incorporates the Financial Statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that the control commences until the date control ceases.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Financial Statements of the Group.

b) Acquisitions

Acquisitions are accounted for as a business combination, in which case, the identifiable assets, liabilities and contingent liabilities of a subsidiary or joint venture are measured at their estimated fair value at the date of acquisition. The cost of acquisition is measured as the fair value of the consideration given together with any liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the profit or loss on the acquisition date.

Where a subsidiary is acquired in stages, the identifiable assets, liabilities and contingent liabilities are measured at their estimated fair value and compared to the cost of acquisition at each date investment in the subsidiary took place.

c) Investments in an associate

An associate is an entity over which the Group has significant influence and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates that are held as part of the Group's investment portfolio are carried at fair value even though the Group may have significant influence over those companies. Realised and unrealised gains and losses arising from changes in the fair value of these investments are recognised in the income statement in the period in which they arise. This treatment is permitted by IAS 28 Investment in Associates which allows investments held by venture capital organisations and similar institutions to be excluded from the scope of IAS 28 Investment in Associates provided that those investments upon initial recognition are designated at fair value through profit or loss and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement, with changes in fair value recognised through profit or loss in the period of change.

d) Investments measured at fair value through profit or loss

Investments are recognised and derecognised at trade date. All listed and unlisted equity investments are designated as at fair value through profit or loss and subsequently carried in the statement of financial position at fair value, and the changes in fair value are recognised in the consolidated statement of comprehensive income analysed between accrued interest and other fair value movements.

The valuation technique used for each class of investment is as follows:

Equity – publicly traded equity is valued at bid price at the reporting date. Unlisted equity is stated at Directors' valuation having regard to venture capital guidelines and third party reports.

Preference equity – valued as a percentage to par using the same percentage to par of indicative bids of junior debt in the company in which the preference equity is held.

Syndicated loans – are stated at Directors' valuation based on similar assets traded in the secondary market.

NOTES TO THE FINANCIAL STATEMENTS

e) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable, these impairments together with foreign exchange gains and losses and associated interest on these assets are recognised through the consolidated statement of comprehensive income.

f) Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Group's CDOs, CLOs and small and medium sized enterprises ("SME") loans. They are carried at fair value and valued based on an average of indicative valuations from market makers. Available-for-sale financial assets are carried at fair value with changes in fair value generally recognised in other comprehensive income and accumulated available-for-sale reserve; exchange differences on assets denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss. Where there is a significant or prolonged decline in the fair value of the available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment including any amount previously recognised in other comprehensive income, is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on trade date with any change in fair value between trade date and settlement date being recognised in retained earnings.

g) Property, Plant and Equipment

Office equipment is stated at historical cost less depreciation. Depreciation is calculated on a straight line method to allocate the cost over the estimated useful life. The estimated life of office equipment is 3 years.

h) Trade and other receivables

Trade and other receivables are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned.

i) Cash & cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

j) Loans

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowings. After initial recognition, these are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts the estimated future cash flows through the expected life of the liabilities. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

k) Trade and other payables

Trade and other payables are stated at amortised cost.

l) Equity instruments

Equity instruments issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over 0.1p par value being credited to the share premium account. Direct issue costs are deducted from equity.

m) Revenue

Income from loans and receivables is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to that asset's carrying value.

Fee income earned on financing arrangements that relate to investments measured at fair value through profit or loss are recognised when that investment is made. Fees earned from financing arrangements that relate to investments classified as loans and receivables are recognised over the life of the assets. Fees in respect of any ongoing services are recognised as that service is provided.

Dividends from equity investments are recognised in the consolidated statement of comprehensive income when the shareholders rights to receive payment have been established.

n) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

NOTES TO THE FINANCIAL STATEMENTS

o) Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

When the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

p) Finance expense

Interest expense is calculated using the effective interest rate method. Finance costs are recognised in the consolidated statement of comprehensive income over the period of the loans and borrowings related to those costs.

q) Foreign currency translation

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (their “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are translated at the rates ruling at the reporting date, and are recognised immediately through profit or loss.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translation of the opening assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the “translation reserve”).

r) Derivative financial instruments (“derivatives”)

The Group uses foreign exchange swaps to manage its currency risk.

In accordance with its treasury policy, the Group does not hold or issue derivatives for trading purposes.

All derivatives are initially recognised at fair value at the date the derivative is entered into and are subsequently re-measured at fair value. The gains or losses on derivatives, are recognised in the consolidated statement of comprehensive income immediately.

4 Significant judgments, key assumptions and estimates

The Group's significant accounting policies are stated in note 3 above. Not all of these significant accounting policies required management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgment or estimation involved in their application and their impact on the consolidated financial statements. These judgments involve assumptions or estimates in respect of future events. Actual results may differ from these estimates.

Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted by using either indicative prices or valuation techniques. These indicative prices and valuation techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimation cannot always be substantiated by comparison with independent markets and in many cases may not be capable of being realised immediately.

At the reporting date £17.8 million (2008: £19.1 million) of investments were valued using valuation techniques. The valuation technique used is based on a relative valuation method (EBITDA multiple) and a discounted cash flow analysis. The multiples used in the valuation are in line with multiples of peer companies. If the EBITDA or multiple had been 5% lower or higher the investment value would have reduced or increased by £0.8 million (2008: £1.0 million) respectively.

5 Segment reporting

The Directors consider that there is only one business segment being specialist integrated finance and asset management and only one geographic area being Europe.

NOTES TO THE FINANCIAL STATEMENTS

6 Financial risk management

The Group's activities expose it to a variety of financial risks: concentration risk, market price risk, interest rate risk, currency risk, credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Concentration risk

Concentration risk arises from individual investments to which the Group has significant exposure. The Group defines significant exposure as 10 percent of gross portfolio value. Concentration risk is managed through regular review of public information and from review of reports from debt agents and similar, where appropriate. The Group seeks to have board representation on such investments and to communicate regularly with managers of these investments. ACP Capital UK LLP and ACP Investment Management Limited report quarterly to the Board on concentration risk.

The concentration risks at year end were:

-IFR Capital plc – the Group's exposure totalled £37.1 million of the net asset value total of £68.8 million (2008: £89.7 million of £155.0 million).
-Leasecom Group SAS – the Group's exposure totalled £17.7 million of the net asset value total of £68.8 million (2008: £24.7 million of £155.0 million).

b) Market price risk

Market price risk arises from uncertainty in the future value of financial instruments. During the year significant investment disposals have been made. Existing investments are managed by the investment advisor who reports regularly to the Board to review past and expected future performance. The nature of investments is diverse. Monitoring includes reviewing monthly and quarterly financial management reports and monthly portfolio managers' reports. Regular contact is maintained with borrowers, agent banks and portfolio managers. Board meetings are also attended. Where available, prices are monitored daily as are companies on watch lists. Investments are not actively traded but opportunistic sales of investments have occurred. Other than listed equity investments all pricing is indicative only as there is little, if any, actual trading in other instruments.

The Company's investments are exposed to market price fluctuation.

The market price of the Group's remaining investments fluctuated by 17 percent during the year ended 31 December 2009.

The Directors' consider that price volatility during the year ended 31 December 2010 will be at a similar level.

As such, if the market price of these investments had been 17 percent lower at 31 December 2009 the Company's profit and net assets would have been lower by £9.98 million (2008: 22.20 million). A 17 percent increase in market price would, on the same basis, have increased the profit and net assets by the same amount.

c) Interest rate risk

As the Group has no borrowings, interest rate risk arises solely from interest received in respect of the Group's investments and loans and cash balances. Investments and loans issued at floating interest rates expose the Group to cash flow interest rate risk. The Group is also exposed to fair value risk interest rate risk on the debt instruments held at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

The table below details the Group's exposure to interest rates at 31 December 2009 by reference to the earlier of the contractual repricing or maturity date:

2009	Within 1 year £	2-5 years £	More than 5 years £	Total £
Fixed rate:				
Investments measured at fair value through profit or loss	-	-	-	-
Floating rate:				
Investments measured at fair value through profit or loss	3,075,567	17,672,210	16,219,856	36,967,633
Available-for-sale investments	-	-	-	-
Cash and cash equivalents	9,764,635	-	-	9,764,635
	<u>12,840,202</u>	<u>17,672,210</u>	<u>16,219,856</u>	<u>46,732,268</u>
2008	Within 1 year £	2-5 years £	More than 5 years (as restated) £	Total (as restated) £
Fixed rate:				
Investments measured at fair value through profit or loss	-	-	12,740,161	12,740,161
Floating rate:				
Investments measured at fair value through profit or loss	2,228,496	20,284,573	41,297,810	63,810,879
Loans and receivables	-	205,283	24,380,612	24,585,895
Cash and cash equivalents	20,621,092	-	-	20,621,092
	<u>22,849,588</u>	<u>20,489,856</u>	<u>78,418,583</u>	<u>121,758,027</u>

Floating rate interest is based on Euribor and a fixed margin.

In the year to 31 December 2010, the Directors consider that any movement in the Eurobor rate will be upward and the increase will be a maximum of 150 basis points.

At 31 December 2009, if interest rates on Euro floating rate investments had been 150 basis points higher with all other variables held constant, the Group profit after tax for the year would have £0.7 million higher (2008: loss £1.5 million lower).

d) Foreign exchange risk

The Group invests in assets denominated in currencies other than Sterling.

The Group has foreign exchange hedging agreements in place with IFR Capital Plc ("IFR") under which ACP's (but not ACPM's) Euro denominated investment in IFR's senior debt (the "Senior Facilities") was fixed into Sterling by reference to the Euro-Sterling exchange rate on 20 December 2007. The effect of the hedging agreement are that to the extent that ACP makes foreign exchange gains or losses on the Senior Facilities then ACP is due to pay such gain to, or receive such loss from, IFR on the date that ACP's total debt commitments to IFR are reduced to zero. This foreign exchange hedging covers 34.0% (2008: 15.9%) of the foreign denominated assets. This foreign exchange derivative has not been separated from the host IFR Capital investment as the whole instrument is classified as fair value through profit or loss.

For the remaining foreign currency denominated assets, the Directors consider that further reduction in foreign currency exposure does not warrant the cash flow risk created from such hedging techniques. Therefore in relation to these assets, the movements in the exchange rate between Sterling and any currencies in which the Group transact exposes the Group to currency risk resulting in gains or losses on retranslation into Sterling all of which are recognised through profit or loss. These movements in the exchange rate may be influenced by factors such as trade imbalances, levels of short term interest rates, differences in relative values of similar assets in different currencies, long term opportunities for investment and capital appreciation and political developments.

The Group's policy is for Group entities to settle liabilities denominated in their own currency with cash generated from operations in that same currency. If Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already in that currency will, where possible, be transferred from elsewhere in the Group.

ACP CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

The table below details the Group exposure to foreign currencies at the balance sheet date:

2009	Sterling	Euro unhedged	Euro hedged	Other currencies	Total
	£	£	£	£	£
Total Assets	2,310,919	43,989,220	23,050,897	-	69,351,036
Total Liabilities	(469,778)	-	-	-	(469,778)
Net assets	<u>1,841,141</u>	<u>43,989,220</u>	<u>23,050,897</u>	<u>-</u>	<u>68,881,258</u>

2008	Sterling	Euro unhedged (as restated)	Euro hedged (as restated)	Other currencies	Total
	£	£	£	£	£
Total Assets	7,280,417	125,517,430	23,969,563	942,998	157,710,408
Total Liabilities	(2,461,985)	(243,003)	-	-	(2,704,988)
Net assets	<u>4,818,432</u>	<u>125,274,427</u>	<u>23,969,563</u>	<u>942,998</u>	<u>155,005,420</u>

The table below shows the effect on the net assets of the Group at the reporting date if the Euro had strengthened or weakened by various percentages against sterling with all other variables held constant. Any changes in net assets would impact the consolidated statement of comprehensive income.

	2009 Net Assets £	2008 Net Assets £
% change in Euro against Sterling		
20% weakened	61,549,721	134,126,349
10% weakened	64,882,238	143,616,836
5% weakened	66,786,533	149,039,971
Year end closing rate	68,881,258	155,005,420
5% strengthened	71,196,480	161,598,811
10% strengthened	73,768,949	168,924,801
20% strengthened	79,878,563	186,324,027

e) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk from deposits with banks and financial institutions. The credit risk on cash and cash equivalents is limited due to the high proportion of funds being held with high rated banking institutions. The table below shows the balance of cash and cash equivalents held with various financial institutions at the end of each reporting period.

Bank & rating at 31 December 2009

	2009 Balance £	2008 Balance £
Deutsche Bank AG - rated A-	7,670,590	19,854,295
The Bank of New York Mellon Corp. - rated A-	157,261	630,253
Bank of Cyprus Public Co. Ltd - rated BBB+	41,528	74,944
HSBC Holdings Plc - rated A-	-	55,465
Royal Bank of Scotland plc - rated A-	1,895,256	-
Bayerische Hypo-und Vereinsbank AG - rated A-	-	6,135
	<u>9,764,635</u>	<u>20,621,092</u>

The Group is exposed to a loss in investment value, loss in income and increase in costs, such as legal fees, if counterparties of their investments fail to meet their interest payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

The table below shows the fair value of the Group's investments at the end of each of reporting period and the rating of those investments (where applicable). The fair value approximates to the Group's maximum credit exposure to these debt instruments.

	2009		2008	
	£	%	£	%
Syndicated Loans:				
Rating - B	-	0.00%	9,228,649	6.60%
Rating - unrated	36,967,632	62.96%	39,134,890	33.90%
	<u>36,967,632</u>	<u>62.96%</u>	<u>48,363,539</u>	<u>40.50%</u>
Equity (not rated)	<u>21,747,917</u>	<u>37.04%</u>	<u>30,846,948</u>	<u>21.90%</u>
Preference Shares (not rated)	<u>-</u>	<u>0.00%</u>	<u>28,187,503</u>	<u>20.10%</u>
SME Loans (not rated)	<u>-</u>	<u>0.00%</u>	<u>13,307,620</u>	<u>9.50%</u>
CLO¹:				
Rating - B	-	0.00%	1,556,528	1.10%
Rating - BB	-	0.00%	7,415,333	5.30%
Rating - BBB	-	0.00%	609,765	0.40%
	<u>-</u>	<u>0.00%</u>	<u>9,581,626</u>	<u>6.80%</u>
CDO²:				
Rating - BB	-	0.00%	1,333,447	0.90%
Rating - BBB	-	0.00%	100,373	0.10%
	<u>-</u>	<u>0.00%</u>	<u>1,433,820</u>	<u>1.00%</u>
RMBS³:				
Rating - B	-	0.00%	251,168	0.20%
Rating - CCC	-	0.00%	11,658	0.00%
	<u>-</u>	<u>0.00%</u>	<u>262,826</u>	<u>0.20%</u>
	<u>58,715,549</u>	<u>100.00%</u>	<u>131,983,882</u>	<u>100.00%</u>

¹ Structured portfolio of leveraged loan assets ("CLO")

² Structured portfolio of debt assets ("CDO")

³ Structured portfolio of residential mortgage backed securities ("RMBS")

During the year all the CLO, CDO and RMBS investments were sold, resulting in the disposal of the lowest ranking debt tranches. Accordingly the Directors consider credit risk has been reduced.

To mitigate against potential interest default and loss in value, the remaining investments (IFR Senior Facilities), are managed on an ongoing basis as follows:

- Review of monthly reports.
- Review of quarterly financial covenant compliance certificates.
- Regular contact with agent banks or in some instances the borrower directly, to determine covenant compliance, trading status and performance.

However, there is no guarantee that these credit risk management procedures will be able to limit potential loss in investment value or loss of income from counterparties who default on their obligations. If any or the Group's counterparties default on interest payments, the Group's revenues and profitability will be adversely affected.

Financial assets that were overdue or impaired are disclosed in note 15.

ACP CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

f) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its immediate financial commitments.

At 31 December 2009 the Group had working capital of £10.1 million (2008: £25.7 million) represented by £9.7 million (2008: £20.6 million) of cash, £0.9 million (2008: £5.1 million) of short-term receivables and £0.5 million (2008: £2.7 million) of short-term liabilities.

The Group's policy is to ensure that its operating costs are fully covered by the dividend and interest income currently generated by the Group's assets.

The table below shows the multiple of operating costs to dividend and interest income:

	2009 £	2008 £
Dividend and interest income	16,922,768	19,444,903
Other operating expenses	4,602,558	11,544,344
Multiple of operating costs to interest income	4	2

To monitor liquidity risk, the Board receives rolling 12 month cash flow projections on a quarterly basis as well as information regarding cash balances and indications of any potential defaults on interest income from its investments.

g) Capital risk management policies and objectives

Following the EGM on 17 July 2008, the Group's capital management policy and objective is to return capital to shareholders by way of distributions.

The Group's capital comprises of purely equity funding, with the Group having no borrowings.

h) Fair value estimation

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial performance at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy, sensitivity analysis is included in note 4:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

2009	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets at fair value through profit or loss				
Equity share investments	4,009,483	-	17,738,433	21,747,916
Syndicated loans	-	-	36,967,633	36,967,633
	<u>4,009,483</u>	<u>-</u>	<u>54,706,066</u>	<u>58,715,549</u>

NOTES TO THE FINANCIAL STATEMENTS

The table below shows the movement during the year of each class of financial instrument categorised as level 3:

2009	Opening balance £	Additions/ interest receivable £	Movement/ impairment in value £	Disposal/ translation adjustment £	Closing balance £
Financial assets at fair value through profit or loss					
Preference share investments	28,187,502	3,869,921	11,118,687	(43,176,110)	-
Syndicated loans	48,362,956	-	5,727,330	(17,122,653)	36,967,633
Equity	19,118,631	-	74	(1,380,272)	17,738,433
	<u>95,669,089</u>	<u>3,869,921</u>	<u>16,846,091</u>	<u>(61,679,035)</u>	<u>54,706,066</u>
Available for sale financial assets					
Collateralised debt obligations	1,433,818	-	(901,845)	(531,973)	-
Collateralised loan obligations	9,581,626	-	(2,778,556)	(6,803,070)	-
Residential Mortgage Backed Securities	262,824	-	(77,807)	(185,017)	-
SME loans	13,307,624	2,828,052	736,319	(16,871,995)	-
	<u>24,585,892</u>	<u>2,828,052</u>	<u>(3,021,889)</u>	<u>(24,392,055)</u>	<u>-</u>
	<u>120,254,981</u>	<u>6,697,973</u>	<u>13,824,202</u>	<u>(86,071,090)</u>	<u>54,706,066</u>

7 Other operating expenses

Other operating expenses include the following amounts:

Services provided by the Group's auditor

During the year the Group obtained the following services from the Group's auditors BDO LLP (in 2008 the Group obtained these services from BDO LLP and Kingston Smith LLP):

	2009 £	2008 £
Audit services		
Statutory audit	128,007	161,203
Non audit services		
Taxation services	1,500	46,046
Other services	-	48,922
	<u>129,507</u>	<u>256,171</u>

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Staff costs

Staff costs (including Directors) comprise:

	2009 £	2008 £
Wages and salaries	1,963,505	1,019,405
Directors' fees	252,980	462,640
Directors' performance fees	229,648	-
Social security costs	70,054	381,553
	<u>2,516,187</u>	<u>1,863,598</u>
Number of employees (excluding directors)	<u>7</u>	<u>13</u>

See note 21 for details of share based payments.

Director emoluments

	2009 £	2008 £
Aggregate emoluments (Directors' fees)	<u>482,628</u>	<u>462,640</u>

The Company had five Directors at 31 December 2009 (2008: five Directors)

Bad debts

	2009 £	2008 £
Bad debt expense	<u>100,000</u>	<u>4,229,019</u>

8 Net finance income/(cost)

	2009 £	2008 £
<i>Finance income</i>		
Interest received on bank deposits	<u>84,848</u>	<u>2,247,272</u>
<i>Finance expense</i>		
Interest payable on bank borrowings	(3,733)	(1,276,537)
Break costs	-	(5,626,517)
	<u>(3,733)</u>	<u>(6,903,054)</u>
Net finance income/(cost)	<u>81,115</u>	<u>(4,655,782)</u>

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NOTES TO THE FINANCIAL STATEMENTS

9 Income taxes

The income tax charge represents UK corporation tax at a standard rate of 28 percent (2008: 30%) chargeable on the profits arising in ACP Capital (UK) Limited, the controlling partner of the Group's adviser, ACP Capital UK LLP.

The Company and a number of the subsidiaries are registered in Jersey as exempt companies and are, therefore, not liable to Jersey income tax on profits derived outside Jersey. Confirmation has been obtained from the Comptroller of Income Tax in Jersey that, by concession, the companies will be liable to tax in Jersey only in respect of income, other than bank interest income, arising in Jersey. During the year no income, other than bank interest income, arose in Jersey.

With effect from the 2009 year of assessment Jersey abolished the exempt company regime for existing companies. Profits arising in the Group for the 2009 year of assessment and future periods will be subject to tax at the rate of 0%. In the prior year the Group was exempt from taxation under the provisions of Article 123A of the Income Tax (Jersey) Law 1961 as amended.

10 Investments measured at fair value through profit or loss

	2009	2008 (as restated)
	£	£
Opening balance	107,397,988	165,522,198
Additions, including interest income capitalised	12,625,196	8,698,191
Fair value of investments of subsidiary on acquisition	-	46,600,479
Write back of brought forward parent company investment in subsidiary on acquisition	-	(31,054,816)
Disposals	(76,907,789)	(3,306,858)
Exchange differences on translating foreign operations	(4,263,478)	9,420,284
Movement in fair value of investments	19,863,632	(88,481,490)
Closing balance	<u>58,715,549</u>	<u>107,397,988</u>
Disclosed in current assets	3,075,567	2,228,496
Disclosed in non-current assets	<u>55,639,982</u>	<u>105,169,492</u>
	<u>58,715,549</u>	<u>107,397,988</u>

The fair value of listed investments is based on quoted market price at the balance sheet date. The fair value of unlisted investments is determined by using indicative prices or valuation techniques. Note 4 and note 6 reviews the sensitivity of the prices used.

11 Loans and receivables

	2009	2008
	£	£
Opening balance	-	15,912,561
Fair value of loans and receivables of subsidiary on acquisition	-	40,916,554
Impairment of loans and receivables	-	(9,412,455)
Transfer to available-for-sale investments	-	(47,416,660)
Closing balance	<u>-</u>	<u>-</u>

Loans and receivables are carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

ACP CAPITAL LIMITED

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12 Available-for-sale investments

	2009 £	2008 £
Opening balance	24,585,894	-
Transfer from loans and receivables	-	47,416,660
Additions	2,828,052	1,520,190
Interest income accrued	-	38,644
Impairment of available-for-sale investments	(3,166,941)	(32,567,588)
Exchange differences on translating foreign operations	(1,399,623)	8,177,988
Disposal	(22,847,382)	-
Closing balances	<u>-</u>	<u>24,585,894</u>

Following the EGM on 17 July 2008, the Group announced that it would seek to dispose of its assets and distribute proceeds to its shareholders by way of distributions. Accordingly assets previously disclosed as loans and receivables have been reclassified to available-for-sale investments.

Available-for-sale investments were carried at fair value which was determined by using indicative prices.

In relation to the prior year, where the valuation of the assets was based on an average of indicative prices, if the lowest or highest price had been used then the value of the Group's available-for-sale investments at 31 December 2008 would have been £2.17 million lower or greater respectively.

13 Property, plant and equipment

	£
Cost	
At 1 January 2009 and 31 December 2009	<u>-</u>
Depreciation	
At 1 January 2009 and 31 December 2009	<u>-</u>
Net book value as at 31 December 2009	<u>-</u>
Cost	
Brought forward at 1 January 2008	50,335
Disposals	(50,335)
Carried forward as at 31 December 2008	<u>-</u>
Depreciation	
Brought forward at 1 January 2008	23,102
Disposals	(23,102)
Carried forward as at 31 December 2008	<u>-</u>
Net book value as at 31 December 2008	<u>-</u>

The Group's property, plant and equipment was written down to £nil during the year ended 31 December 2008.

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14 Financial instruments by category

The accounting policies for financial instruments have been applied to line items as follows:

2009	Assets at fair value through profit or loss £	Available for sale investments £	Loans and receivables £	Total £
Assets as per balance sheet				
Equity share investments	21,747,916	-	-	21,747,916
Syndicated loans	36,967,633	-	-	36,967,633
Trade and other receivables	-	-	870,852	870,852
Cash and cash equivalents	-	-	9,764,635	9,764,635
	<u>58,715,549</u>	<u>-</u>	<u>10,635,487</u>	<u>69,351,036</u>

2009				Liabilities held at amortised cost £
Liabilities as per balance sheet				
Trade and other payables				<u>379,367</u>

2008	Assets at fair value through profit or loss (as restated) £	Available for sale investments £	Loans and receivables £	Total (as restated) £
Assets as per balance sheet				
Equity share investments	30,846,948	-	-	30,846,948
Preference share investments	28,187,503	-	-	28,187,503
Syndicated loans	48,363,537	-	-	48,363,537
Collateralised debt obligations	-	1,433,820	-	1,433,820
Collateralised loan obligations	-	9,581,626	-	9,581,626
SME loans	-	13,307,622	-	13,307,622
Residential Mortgage Backed Securitisation	-	262,826	-	262,826
Trade and other receivables	-	-	5,105,434	5,105,434
Cash and cash equivalents	-	-	20,621,092	20,621,092
	<u>107,397,988</u>	<u>24,585,894</u>	<u>25,726,526</u>	<u>157,710,408</u>

2008				Liabilities held at amortised cost £
Liabilities as per balance sheet				
Trade and other payables				<u>2,519,643</u>

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15 Trade and other receivables

	2009	2008
	£	£
Trade receivables	378,664	4,076,139
Other receivables	441,562	955,276
Prepayments	50,626	74,019
	<u>870,852</u>	<u>5,105,434</u>

Trade receivables include interest receivable on interest bearing assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

At 31 December 2009 trade and other receivables that were past due but not impaired are detailed below, including ageing analysis. These relate to customers with no default history.

	2009	2008
	£	£
3-6 months	-	886,905
Greater than 12 months	324,510	-
	<u>324,510</u>	<u>886,905</u>

Other than the loans and receivable analysed below, there were no other assets that were passed due or impaired.

At 31 December 2009 trade receivables of £188,211 (2008: £537,119) were past due and impaired. The amount of the provision as at 31 December 2009 was £188,211 (2008: £134,000). The ageing of these receivables is as follows:

	2009	2008
	£	£
6-12 months	-	537,119
Greater than 12 months	188,211	-
	<u>188,211</u>	<u>537,119</u>

16 Trade and other payables

	2009	2008
	£	£
Trade payables	176,495	450,909
Accruals	202,872	2,068,734
	<u>379,367</u>	<u>2,519,643</u>

17 Share capital

	2009 No.	2009 £	2008 No.	2008 £
Authorised share capital of 350 million 0.1 pence ordinary shares		<u>350,000</u>		<u>350,000</u>
Issued and fully paid 0.1 pence ordinary shares				
Brought forward	208,341,941	208,341	199,531,941	199,531
Share options exercised	-	-	12,245,000	12,245
Buy back of shares	-	-	(3,435,000)	(3,435)
Carried forward	<u>208,341,941</u>	<u>208,341</u>	<u>208,341,941</u>	<u>208,341</u>

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Fully paid ordinary shares, which have a par value of 0.1 pence, carry one vote per share and carry a right to dividends and capital distributions.

There were no share transactions in the current period. In the prior period the Group acquired 3,435,000 of the Company's own shares. The share buy back was made at the prevailing market rates at the date of transaction with the total cost being £2,881,330. 12,245,000 shares were issued at par when all outstanding share options vested in July 2008.

18 Share premium

	2009 £	2008 £
Brought forward	208,400,632	216,734,311
Capital distribution (note 23)	(79,378,279)	(8,333,679)
Carried forward	<u>129,022,353</u>	<u>208,400,632</u>

19 Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium

Amount subscribed for in excess of nominal value.

Capital redemption reserve

Amounts transferred from share capital on redemption of issued shares.

Translation of foreign operations reserve

The amount of any gains and losses arising on the translation of net assets of foreign operations in to Sterling.

Retained earnings reserve

Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Minority Interest reserve

The share of net assets attributable to minority shareholdings in subsidiary undertakings.

20 Earnings per share

The calculation of the basic earnings and diluted earnings per share attributable to the equity shareholders of the Group is based on the following data:

	2009 £	2008 (as restated - note 25) £
Earnings/(Loss) per share attributable to the equity holders	<u>19,643,227</u>	<u>(102,266,138)</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	208,341,941	202,905,796
Effect of dilutive potential ordinary shares: Share options	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>208,341,941</u>	<u>202,905,796</u>

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21 Share based payments

The Company operated an executive share option scheme for Directors and certain senior management.

	2009 £ Weighted average exercise price	2009 No.	2008 £ Weighted average exercise price	2008 No.
Outstanding at beginning of year		-		4,430,000
Granted during the year		-		8,065,000
Exercised during the year		-		(12,245,000)
Lapsed during the year		-		(250,000)
Outstanding at end of year	-	-	-	-

All options vested and were either exercised or lapsed during the prior year.

All options were exercised on 17 July 2008. The share price as at that date was 63 pence.

No options were granted during the year (2008: the weighted average fair value of options granted was 47 pence).

The following information is relevant in the determination of the fair value of options granted during the prior year under the equity share option scheme operated by the Group. No options were granted during the current year.

	2008 £
Option pricing model used	QCA - IRS Option value
Weighted average share price at grant date	0.855
Exercise price	0.001
Expected Life of Option (years)	3
Expected dividend yield	2%
Expected volatility	5%
Illiquid market discount	20%
Discount due to market performance targets	20%

The Company recognised the following total expenses and costs in respect of equity settled share payments in the period.

	2009 £	2008 £
Recognised immediately as an expense and charged to the consolidated statement of comprehensive income	-	6,043,952

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22 Subsidiaries

The Group has the following subsidiaries:

Name	Country of incorporation and registration	Percentage owned	Principal activity
ACP Mezzanine Limited	Jersey	54.37%	Mezzanine assets and other investments
ACP Mezzanine Asset Holdings 1 Limited	Jersey	54.37%	Dormant
ACP Mezzanine Asset Holdings 2 Limited	Jersey	54.37%	Dormant
ACP Investment Management Limited	Jersey	100%	Investment manager
ACP Capital Nominee Limited	Jersey	100%	Trustee for employee awards
ACP Capital UK LLP	England & Wales	100%	Advisory services
ACP Capital (UK) Limited	England & Wales	100%	Controlling member of the LLP
ACP Capital Cyprus (HR) limited [insolvency proceedings]	Cyprus	100%	Ceased trading in 2008. Used to be employment
ACP Capital (Cyprus) Limited	Cyprus	100%	Investment holdings
Perseus Holdings Limited	Jersey	100%	Investment holdings
Mittelstand Kapital Solutions GmbH [insolvency proceedings]	Germany	100%	Ceased trading in 2008. Used to be advisory services

ACP CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

23 Dividends and capital distributions

		2009 £	2008 £
Interim dividends paid in the period			
Year ended 31 December 2008 - paid April 2008		-	6,983,617
Capital distribution - paid	December 2008	-	8,333,679
	March 2009	9,375,387	-
	May 2009	3,645,984	-
	November 2009	10,521,268	-
	December 2009	55,835,640	-
		<u>79,378,279</u>	<u>8,333,679</u>
		<u>79,378,279</u>	<u>15,317,296</u>

24 Cash and cash equivalents

	2009 £	2008 £
Cash available on demand	9,764,635	20,621,300
Overdrafts	-	(208)
	<u>9,764,635</u>	<u>20,621,092</u>

25 Prior year adjustments

The prior year adjustment relates to an embedded hedging agreement within the investment agreement (the "Agreement") between ACP and IFR Capital Plc ("IFR") under which ACP's (but not ACPM's) Euro denominated investment in IFR's senior debt (the "Senior Facilities") was fixed into Sterling by reference to the Euro-Sterling exchange rate on 20 December 2007. The effect of the Agreement is that to the extent that ACP makes foreign exchange gains or losses on the Senior Facilities then ACP is due to pay such gain to, or receive such loss from, IFR on the date that ACP's total debt commitments to IFR are reduced to zero.

The Group's financial statements as at 31 December 2008 did not reflect this element of the embedded hedging agreement, and treated the debt as a foreign denominated monetary asset. Accordingly, in prior periods the Group has incorrectly recognised gains and losses on the translation of these loans at the reporting dates. This foreign exchange derivative has not been separated from the host IFR Capital investment as the whole instrument is classified as fair value through profit or loss.

The effect that this has had on the previously published financial statements is:

	2008 £
Statement of Comprehensive Income	
Increase in losses on investments at fair value through profit or loss and Group loss attributable to owners of the Company	8,574,017
Statement of Financial Position	
Reduction in asset value for investments measured at fair value through profit or loss and Group net assets (excluding non-controlling interest)	8,574,017
Earnings per share	
Basic (increase in loss per share)	4.22 pence
Diluted (increase in loss per share)	4.22 pence

This misstatement would have had an immaterial effect on the consolidated statement of financial position as at the beginning of the comparative period (1 January 2008). In consequence the opening consolidated statement of financial position and associated notes have not been presented in the financial position. A copy of the financial statements for the year ended 31 December 2008 can be found at www.acpcapital.com.

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26 Related parties

ACP Mezzanine Limited

ACP holds 128,179,798 ordinary shares in ACPM, representing 54.37 percent of ACPM at 31 December 2009, and has certain common directors with ACPM. ACP holds 9,141,200 options to acquire ordinary shares in ACPM at an exercise price of €1.00 per share.

During the year ACP received £34,487,378 (2008: £14,710,105) of capital distributions from ACPM. At the year end, ACP owed ACPM £1,071,385, (2008: £282,857).

Leasecom Financial Assets SAS ("Leasecom")

At 31 December 2009, Stephen Coe was a director of ACP and Leasecom.

The Group has an equity investment in Leasecom, at the year end the asset value was £17,738,433 (2008: £19,118,631). During the year the Group also had a loan facility with a subsidiary of Leasecom that was repaid in full in the year, at 31 December 2008 the amount due to the Group was £5,576,220, and a further £2,828,052 was advanced under the facility.

ACP Investment Management Limited

In 2006, the ACPM entered into an Investment Management Agreement ("IMA") with ACPIM, a wholly owned subsidiary of ACP. Under the Agreement, ACPIM was appointed investment manager for an initial period of 3 years and given discretion to deal with the Group's assets subject to certain guidelines. The period of appointment was extended to 7 years starting in December 2007. The annual management fee chargeable by ACPIM is currently based on 1.75 percent of gross shareholders' equity less any distributions. Additionally, ACPIM is entitled to a performance fee equivalent to 25 percent above a benchmark return.

As a result of the reduction in the Group's investment portfolio, ACPIM has been given notice of termination of the IMA. The IMA will terminate on 3 December 2011.